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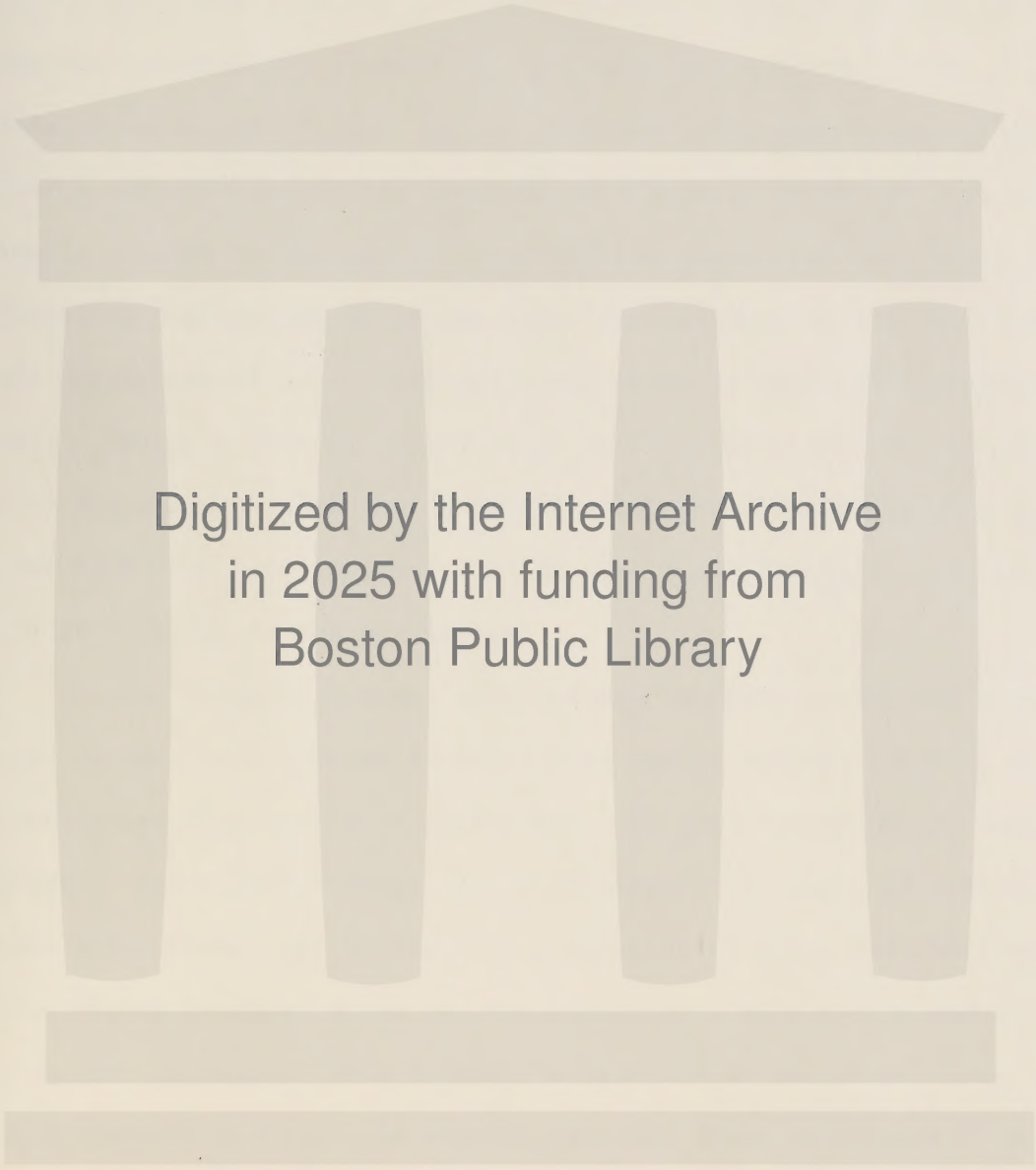
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BOSTON'S NEW INVESTORS

A new breed of investor, international and national, is broadening its presence in Boston's development. In a sense, this represents a reversion to the 17th and 18th century when a flow of British capital and skilled manpower founded and developed the capital of the Massachusetts Bay Colony. In the 19th and early 20th century, however, Boston had reversed roles, emerging as a capital exporter, with the wealth created by mercantile trade and the industrial revolution financing the opening up of the West, the building of the railroads, and the establishment of factory mills and mines in the nation's industrial belt. Boston's role as capital exporter continues to this day with the City's preeminent position in mutual funds and money management at the same time that international and national investors have rediscovered the attractions of the metropolis.

Recent economic trends, international as well as national, over the last decade, have favored investment in Boston and New England, and contributed importantly to development and transformation and employment growth. Since 1978 foreign direct investment has grown at a rate more than three times that of the U.S. production of goods and services,[1] with rising interest rates and the appeal of a more secure and stable investment climate. "New England is also one of the areas where foreign-owned business has reached greatest local importance," attracted by the region's economic renaissance. "By 1982 foreign investment was playing a more important proportionate role in New England's employment

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[1] Jane Sneddon Little, "Foreign Direct Investment in New England," Federal Reserve Bank of Boston, New England Economic Review, Mar./Apr. 1985.

than in all other...regions except the Mideast and Southeast." "...foreign affiliates are predominantly located in southern New England--with the largest congregation in the Boston area and a second cluster in Stamford, Connecticut." More than 225 foreign firms have branch offices and production facilities in metro Boston.[2]

"A number of firms from around the World have recently invested heavily in the large-scale development projects of Boston. These investments include:

> "the Royal Dutch Pension fund investment at Center Plaza in Government Center;
>
> "the one million square foot office building developed by the Canadian Toronto-based Olympia and York;
>
> "the Four Seasons Hotel at Park Plaza, a joint venture including Meridien Properties GN.V., a Saudi Arabian real estate investment company;
>
> "the development and rehabilitation of waterfront properties along Fort Point Channel undertaken by the Boston Wharf Company, a consortium of a British London-based firm and an American developer;
>
> "the residential complexes in Charlestown Navy Yard developed by the Italian headquartered Immobiliare, New England;
>
> "the shopping mall at Lafayette Place sponsored by Mondev International Limited of Montreal, Canada, and the Inter-Continental Hotel by Swissair of Switzerland;
>
> "the Meridien Hotel, a joint venture development including the Paris-based real estate arm of Air France;
>
> "and the development of One Beacon Street, a major downtown office building, by the British firm Commercial Union Assurance Company."

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[2] Boston Redevelopment Authority, Boston International, 1983.

At the national level, the attractiveness of the Boston market has also brought some illustrious investors, including:

- the Newark-based Prudential Life Insurance Company;
- the Columbia, Maryland-based Rouse Company and Faneuil Hall Marketplace;
- the Chicago-based Urban Investment and Development Company and Copley Place;
- and the Gerald Hines and Lincoln Properties of Texas, and their joint venture in the proposed New England Life Building.

Alexander Ganz
Research Department
November 19, 1985

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